
HEALTH, ECONOMIC, & SOCIAL JUSTICE FOR ALL FAMILIES

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CAPITALISM'S CRISIS DEEPENS: WOLFF, RICHARD D. ESSAYS ON THE GLOBAL ECONOMIC MELTDOWN HAYMARKET BOOKS

The Crisis of Capitalism

- According to the US Census Bureau, corporations paid taxes on their profits to states and localities totaling \$ 24.7 billion in 1988 while individuals then paid income taxes of \$ 90.0 billion.
- However, by 2009, while corporate tax payments had roughly doubled (to \$ 49.1 billion), individual income taxes had more than tripled (to \$ 290.0 billion).
- If corporations paid taxes proportionate to the benefits they get from government and/ or to what individuals pay, most US citizens would finally get the tax relief they so desperately seek.

Minimize Opposition

- One trend grew out of a US growth spurt after the war ended in 1945; Determination to roll back the New Deal and secure better control of government.
- In the 1930s, FDR intervened in large part because of domestic pressures exerted by the intertwined forces of the *Congress of Industrial Organizations and the Socialist and Communist* parties that had successfully organized millions into labor unions and many thousands into the parties' ranks.
- This new trend set to systematically end the social forces (unions, socialists, and communists) that had produced the New Deal and the greatest wave of criticism of capitalism in US history.

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No Opposition & The Race to the Bottom

- Meanwhile, capitalists everywhere redoubled efforts to cut costs. Postwar technical revolutions in jet air travel and telecommunications offered competitive advantages to those relocating from older, high-cost production sites to newer, distant, low-cost sites.

A New Cheaper Labor Force

- At the same time, former formal and informal colonies—recently become relatively more independent nations—also lured capitalists to relocate and invest by offering low wages, tax holidays, subsidies, and other supports. Formerly colonized people were pressing their leaders for significant, sustained increases in mass standards of living.

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The Labor Exodus

- Manufacturing moved first, but within two decades, service capitalism joined the exodus. Capital first abandoned the Detroit's, & Cleveland's of the U.S. Now, it abandons the country more generally.
- Similar moves afflict the more developed countries in Europe and Japan as well, although in ways that reflect their **different histories**, including the greater strengths of their working-class organizations.

For example: Germany, despite its special price, legal, and other advantages within the European Union, confronts growing pressures from German capitalists relocating to places with lower wages, benefits, and government social services.

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More Jobs Abroad Less Benefits at Home.

- Capitalism's great relocation now under way both presses and enables capitalists to cease raising wages and standards of living in its former, old centers (Europe, North America, and Japan).
- Competition requires capitalists to raise wages instead in the newer, growing centers, where new sections of better-paid workers arise. Once the wages in these new labor markets reach higher pay, capitalist will search for another more affordable market or use this leverage to keep wages low.
- Will capitalism in its old centers of North America, Europe, and Japan be able to hold the unwilling support of their working classes, as it now delivers long-term declines of wages, working conditions, and living standards?

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Immigrants as Scape Goats

- The exportation of jobs is the cause of reduced jobs, wage stagnation, and decreases in quality of life, work benefits, and social services.
- Furthermore, **governments had less corporate taxes coming in, which greatly reduced the social services available.**
- However, the media, which is control by the elites, will not cover the issue and politicians will not discuss it because they depend on the campaign contributions from corporations.
- The attentions then turns to government workers and immigrants who are draining the economy.
- <https://www.youtube.com/watch?v=KR3JyVg7VzU>

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Environmental Impact

- Capitalist corporations decided to relocate production: first, away from such cities, and now, away from those regions. It has done so to serve the priorities of their **major shareholders and boards of directors**.

Transportation Networks & Their Environmental Impact

- Many goods and services once made in the United States and Western Europe for those markets are now **produced elsewhere and transported back** to them.
- That **wastes resources spent** on the costly relocation and consequent return transportation. The pollution (of air, sea, and soil) associated with vast transportation networks—and the eventual cleaning up of that pollution—only enlarges that waste

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GM Closed 3 Assembly Plants in 2018

Warren, Ohio; Detroit, Michigan & Ontario, Canada

<https://www.cbc.ca/news/canada/toronto/general-motors-closure-oshawa-assembly-plant-1.4920438>

“The United Auto Workers, representing workers at the American plants, said G.M.’s move “will not go unchallenged.” Closing domestic plants while expanding production in China and Mexico is “profoundly damaging to our American work force,” said the union vice president in charge of negotiations with G.M., Terry Dittes.”

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Domestic Waste

- The **factories, offices, and stores abandoned** by departing capitalist corporations **increase the waste of resources** and workers' lives. In the surrounding communities, **tax bases & social services erode, public spaces, and qualities of life are reduced for all but the richest.**

Profit Above All

- Corporations **rarely count, let alone compensate** for, the resources and lives wasted because of their relocation decisions. They only count the benefits to their profits, growth, and market share from moving.
- Moving is advantageous for them; **they neither worry about nor count whether moving is efficient for the economy or society at large.**

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Less Regulations Abroad

- Wages elsewhere are far lower. Levels of pollution are allowed that save corporations the environment-protection costs required in Europe and the United States. Bribes or political “contributions” cost less and/ or buy more favors, tax breaks, and subsidies there than back home.

Exporting a System in Crisis

- Multinational corporations are now reproducing that history elsewhere around the globe.
- Capitalism’s last 250 years in Europe and the United States repeatedly devastated the natural environment and imposed horrific conditions on working people.

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More Production, Less Pay?

- When new machinery automated production—saved on labor costs—the gains went chiefly to profits, while the workers, their families, and their communities suffered “technological” unemployment.

Threat as a Leverage

- When capitalists settled into communities “bringing jobs,” there followed years of threatening those communities that they would leave if not given incentives such as tax breaks, subsidies, and loans—no matter their costs to the local population *6:40



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Local Responsibility, Private Gains.

- When capitalists dumped toxic wastes into the air, water, and soil—often for generations—massive cleanup costs later were socialized, made everyone's responsibility, while the profits from dumping stayed largely in private hands. *52:15

Exporting a Culture of Waste “Throw Away Culture”

- Second, the kind of development now being installed in the former third world replicates the colossal wastes, inequalities, and inhumanities that attended capitalist development in Europe, the United States, and Japan.

Solutions

- A far better approach would be to reorganize Western economies so that they yield far lower inequalities of wealth and income and far less waste of resources than are associated with capitalism.

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How Wages Began to Decline

- Capitalist employers no longer had to pay rising wages for four major reasons.
- First, the **Tech revolution** started displacing millions of US workers in the 1970s.
- Secondly, US corporations responded to growing European & Japanese competitions by **shifting production out of the U.S** to lower - wage production sites. These developments slowed the demand for workers inside the U.S.
- Thirdly, the mass movement of **women** from households into paid labor positions &
- Finally, the **growing immigration** increased the number of job seekers.
- Thus, the labor market changed and employers no longer had to raise wages.

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Silence & Personal Blame

- A capitalism that had come to define, celebrate, and defend itself by reference to **rising consumption enabled by rising wages could no longer do so.**
- The impact was all the greater because no public debate about the meaning and implications of the change occurred.
- Workers experienced the change as a personal and individual matter rather than a historic economic and social change.

The Workers Response

- When their wages no longer rose, workers responded by finding two other ways to continue raising their consumption.

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Increased Labor Force

- First, with real hourly wages stagnant, workers' households sent more of their members to do more hours of paid labor.
- Husbands, teenagers, and retired people did more work, and millions of housewives and mothers entered the labor markets.
- While these responses helped raise some additional family income, they also increased the supply of job seekers, which further undermined real wages for everyone.

Social Impacts

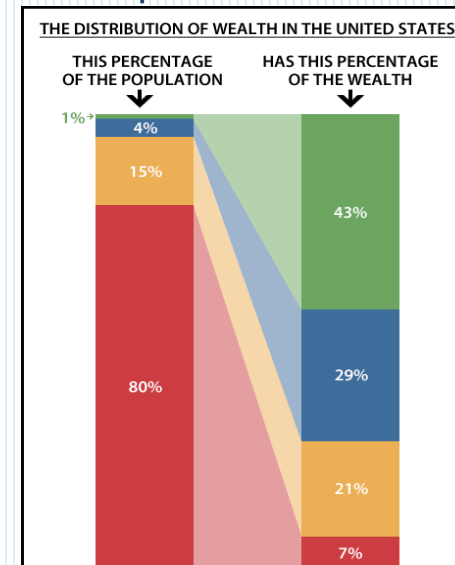
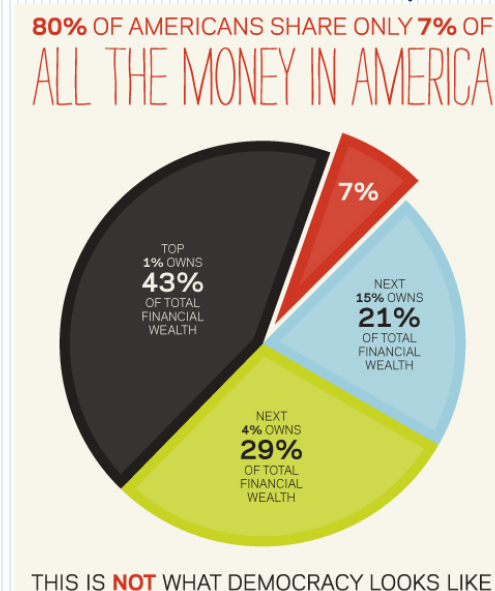
- Women increasingly held two full - time jobs, one outside the household and one inside, since they continued to do most of the housework. **The added stress of this double shift altered and strained household relationships. The divorce rate rose as did signs of alienation (e.g., drug dependency, intrafamily abuse).**

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Credit Debt

- Another source of funds had to be found in order to keep up with the rising consumption rate.
- That additional source was household debt.
- The Federal Reserve records a total household debt in 1975 of \$734 billion. By 2006, it had risen to \$12.817 trillion.
- This thirty-year debt explosion has no historical precedent. Workers depleted their savings and took on ever-increasing debt levels.



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Health, Physical, Social, & Psychological Impacts

- By 2007, US workers were:
- Exhausted by their long labor hours,
- Emotionally stressed by the disintegration of families, &
- Extremely anxious about unprecedented and, for millions of citizens, unsustainable debt levels.

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In Summary

- The explanation is simple: while workers' average real wages stayed flat, their productivity rose (the goods and services that an average hour's labor provided to employers).
- More and better machines (including computers), better education, and harder and faster labor effort raised productivity since the 1970s.
- While workers delivered more and more value to employers, those employers did not pay workers more.
- The employers reaped all the benefits of rising productivity: rising profits, rising salaries and bonuses to managers, rising dividends to shareholders, and rising payments to the professionals who serve employers (e.g., lawyers, architects, consultants).

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Questions?

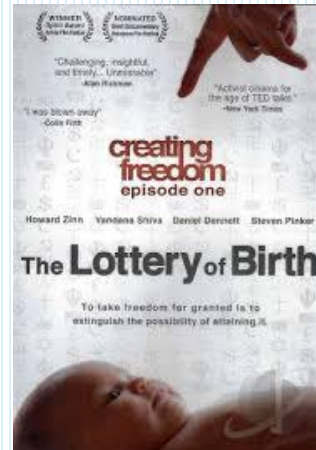
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Resources

Documentaries & Books



Thank You